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CITY COUNCIL REPORT

SUBJECT: Adopt a resolution accepting the PFE annual and five-year report

SUBMITTED BY: Sara Roush, Accounting Manager

DEPARTMENT: Support Services

DATE: June 11th, 2019

STRATEGIC RELEVANCE: Necessary Administrative Action

STAFF RECOMMENDATION(S):

Staff recommends that the City Council approve the resolution accepting the PFE annual and five-year report for the period ending June 30, 2018 required by Government Code Sections 66000 Et Seq.

BACKGROUND / INTRODUCTION:

In 1987, the California Legislature passed Assembly Bill 1600 (AB 1600), also known as the Mitigation Fee Act (Government Code, Sections 66000 et seq.) that governs the establishment and administration of development impact fees. A development impact fee is a monetary exaction other than a tax or special assessment that is charged by a local agency to new development for the purposes of defraying costs of public facilities needed as a result of impacts created by the new development.

Government Code 66006(b) states the following requirements as pertains to Development Impact Fees:

For each separate account or fund established the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the following information for the fiscal year:

- (A) A brief description of the type of fee in the account or fund
- (B) The amount of the fee
- (C) The beginning and ending balance of the account or fund
- (D) The amount of fees collected and interest earned
- (E) An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement including the total percentage of the cost of the public improvement that was funded with fees.
- (F) An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds



have been collected to complete financing on an incomplete public improvement and the public improvement remains incomplete.

- (G) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.
- (H) The amount of refunds made (as pursuant to GC 66001 e) due to sufficient funds being collected to complete financing on incomplete public improvements, and the amount of reallocation of funds made (as pursuant to GC 66001 f) due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

Government Code 66001(d) (1) states the following requirements as pertains to Development Impact Fees:

For the fifth fiscal year following the first deposit into the account or fund, and every five years thereafter, the local agency shall make all of the following findings with respect to that portion of the account or fund remaining unexpended, whether committed or uncommitted:

- (A) Identify the purpose to which the fee is to be put
- (B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged
- (C) Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements
- (D) Designate the approximate dates on which the funding referred to in subparagraph C is expected to be deposited in the appropriate account or fund

DISCUSSION:

As of June 30, 2018, the City had ten separate and distinct development impact fees. A summary of the fees and their ending fund balances for fiscal year ending June 30, 2018 are listed below.

Fund 240- Transportation Facilities	\$ 6,932,272
Fund 241- Police Facilities	\$ 623,580
Fund 242- Fire Facilities	\$ (7,444,003)
Fund 243- City Admin Facilities	\$ 147,177
Fund 244- Library Facilities	\$ 1,714,666
Fund 246- Parks Facilities	\$ 456,336
Fund 247- Drainage Facilities	\$ (2,035,052)
Fund 715- Water Facilities	\$ 9,843,874
Fund 725- Wastewater Facilities	\$13,814,078
Fund 735- Solid Waste Facilities	\$ 3,663,769
Fund 215- Park-In-Lieu	\$ 835,021
Fund 290- Oak Tree Mitigation	\$ 3,610,251





FINDINGS AND CONCLUSIONS:

The AB 1600 report has been prepared by staff and provides information which meets the annual reporting requirements described in the Government Code for each City development impact fee.

The AB 1600 report was posted on the City's website for public viewing on May 27, 2019.

Currently, staff members are working on nexus study updates for all City development impact fees.

FISCAL IMPACT:

None

REPORT ACCOUNTABILITY:

This Staff Report has been reviewed by the City Attorney for legal sufficiency and by the City Manager for content.

The Finance Department has reviewed this staff report and certifies budgeted funds are available, unless a budget amendment is being requested as part of this action item.

ATTACHMENTS:

Attachment A: AB 1600 Report



RESOLUTION 2019-131

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LINCOLN ACCEPTING THE PFE ANNUAL AND FIVE YEAR REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2019 AS REQUIRED BY GOVERNMENT CODE 66000 ET SEQ

WHEREAS, Government Codes sections 66000 et seq. (commonly known as and referred to herein as AB 1600) regulate the imposition, collection, maintenance, expenditure and reporting of impact fees imposed on developers for the purpose of defraying costs of public facilities; and

WHEREAS, the City has identified certain development impact fees the City collects from developers, which are subject to AB 1600's requirements; and

WHEREAS, in accordance with the provisions of AB 1600, an annual report is required that reflects the beginning and ending balances of each separate impact fee fund; the amount of fees collected and the interest earned for the year; the amount of expenditures and refunds made in the year; the percentage of expenditures paid for by fees; and a description of the type of fees and the fee amount; and

WHEREAS, the attached report referred hereto as Exhibit A contains information that meets the annual reporting requirements described in the Government Code for each City development impact fee fund; and

WHEREAS, a copy of the report has been posted on the City's website for review since May 27, 2019; and

WHEREAS, Staff recommends the City Council accept the attached report and incorporate herein in order to make the required findings.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LINCOLN DOES HEREBY RESOLVE AS FOLLOWS:

The PFE annual and five year report for the fiscal year ending June 30, 2019 as required by government code section 66000 et seq. is accepted.

PASSED AND ADOPTED this 11th day of June, 2019:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

Paul Joiner, Mayor

ATTEST:

Gwen Scanlon, City Clerk



AB 1600 Reporting

Fiscal Year Ending June 30, 2018

Government Code Sections 66001 and 66006 require local agencies to submit annual and five-year reports detailing the status of development impact fees. Annual reports must be made available to the public no later than 180 days after the end of the fiscal year and must be presented to the City Council at least fifteen days after it is made available to the public.

Annual Report Pursuant to Government Code 66006

1) *Brief Description of the Fees*

PFE fees are levied on development in Lincoln to fund various infrastructure, facilities, vehicles, and equipment, as presented in the Lincoln Public Facilities Element Fee Program Nexus Study Update, dated March 13, 2012 (the "2012 Nexus Study"). The PFE Fee Program includes the following ten PFE fees; the Park-In-Lieu and Oak Tree Mitigation fees are City impact fees but are not included in the PFE Fee Program:

- Transportation (Fund 240)
- Drainage (Fund 247)
- Water (Fund 715)
- Wastewater (Fund 725)
- Police (Fund 241)
- Fire (Fund 242)
- Parks (Fund 246)
- Administration (Fund 243)
- Library (Fund 244)
- Solid Waste (Fund 735)
- Park-In-Lieu (non-PFE fee) (Fund 215)
- Oak Tree Mitigation (non-PFE fee) (Fund 290)

2) *The amount of the fee*

	Transportation	Wastewater	Water	Drainage		Community Services
				North of Auburn Ravine	South of Auburn Ravine	
Residential	Fee per Unit (\$)					
Very Low Density	3,636	8,184	13,838	2,334	1,378	7,608
Low Density	3,636	6,444	5,839	1,795	1,060	7,608
Medium Density	2,618	6,444	5,839	1,256	742	7,608
High Density	2,618	5,154	3,328	431	254	5,477
High Density-Twelve Bridges	2,618	5,154	3,328	431	254	5,477

Non-Residential	Fee per 1,000 Building Square feet (\$)					
Commercial	16,216	3,451	2,328	879	519	2,383
Business & Professional	7,126	3,451	2,328	879	519	2,383
Industrial	2,218	4,141	2,793	1,055	623	3,041

Note Community Services fee includes fees for fire, police, administration, solid waste, parks and trails, and park recreation improvements

Fee Name	Amount (\$)
Park-In-Lieu	192.00 per EDU
Library	No longer being collected
Oak Tree Mitigation	150.00 per inch

3) Beginning and ending balances in the fee accounts

Fund	Fund Description	Fund Balances as of July 1, 2017 (\$)	Fund Balances as of June 30, 2018 (\$)
240	Transportation Facilities	6,324,817	6,932,272
241	Police Facilities	467,099	623,580
242	Fire Facilities	(10,885,715)	(7,444,003)
243	City Admin Facilities	(405,593)	147,177
244	Library Facilities	4,174,692	1,714,666
246	Parks Facilities	(472,455)	456,336
247	Drainage Facilities	(3,164,455)	(2,035,052)
715	Water Facilities	9,433,228	9,843,874
725	Wastewater Facilities	14,194,920	13,814,078
735	Solid Waste Facilities	6,706,946	3,663,769
215	Park-In-Lieu	1,551,469	835,021
290	Oak Tree Mitigation	3,649,030	3,610,251
	Total	31,573,983	32,161,969

For some funds there are large balances booked to fixed assets which are non-spendable fund balances. See the Investment in Fixed Assets Chart below for more information.

Note for Fund 290, Fund 240 and Fund 735 Interfund loans receivable included in the ending fund balance. These have not yet been received and are therefore non-spendable. See the Interfund Loan Schedule below for more information.

Investment in Fixed Asset		
Fund	Fund Description	Investment in Fixed Assets as of June 30, 2018 (\$)
715	Water Facilities	5,813,642
725	Wastewater Facilities	11,789,132
735	Solid Waste Facilities	940,629

4) Amount of fees collected and interest earnings

Fee Type	Fee amount collected (\$)	Interest Earnings (\$)
Transportation Facilities	284,729	320
Police Facilities	153,076	194
Fire Facilities	60,797	(87)
City Admin Facilities	137,395	802
Library Facilities	0	2,304
Parks Facilities	470,069	(767)
Drainage Facilities	120,866	346
Water Facilities	491,966	2,919
Wastewater Facilities	498,314	13,566
Solid Waste Facilities	125,653	9,694
Park-In-Lieu	96,818	483
Oak Tree Mitigation	10,050	8,171
Total	2,449,733	37,945

5) An identification of each public improvement on which fees were expended in fiscal year ending June 30, 2018 and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

Fund 215 Park-In-Lieu		
Project Name	FY 2018 Expenditures (\$)	% Funded with fees
McBean Pavilion	106,824	100%
Wilson Park Dugout	2,454	32%
McBean Park Restrooms	703,505	100%
Total	812,783	

Fund 290 Oak Tree Mitigation		
Project Name	FY 2018 Expenditures (\$)	% Funded with fees
Foskett Park Improvements	57,000	71%
Total	57,000	

Fund 244 Library Facilities		
Project Name	FY 2018 Expenditures (\$)	% Funded with fees
Library Collections	72,316	100%
Twelve Bridges Library Awning	5,564	100%
Willow Room	30,000	100%
Audio/Video Upgrade	44,675	100%
Total	152,555	

Fund 247 Drainage Facilities		
Project Name	FY 2018 Expenditures (\$)	% Funded with fees
Property Taxes	2,020	100%
Total	2,020	

Fund 715 Water Facilities		
Project Name	FY 2018 Expenditures (\$)	% Funded with fees
Water Master Plan	19,697	100%
Water Meters	92,919	100%
36" Water Main at 12 Bridges	682	100%
Water Mains at Verdera North	2,017,226	100%
Total	2,130,524	

Fund 725 Wastewater Facilities		
Project Name	FY 2018 Expenditures (\$)	% Funded with fees
Reclaimed Water Facilities	45,701	68%
WWTRF Expansion	1,247,309	100%
Reclaimed Water Master Plan	32,845	50%
Total	1,325,855	

Fund 735 Solid Waste Facilities		
Project Name	FY 2018 Expenditures (\$)	% Funded with fees
Solid Waste Containers	64,991	100%
Loss on Sale of Assets	38,698	100%
Total	103,689	

Note depreciation expenses related to project capitalization are not included in the above expenditures.

6) An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete the financing on an incomplete public improvement.

The City has not identified any public improvements that have sufficient funds to complete the financing on an incomplete public improvement in fiscal year ending June 30, 2018.

7) A description of each interfund transfer or loan made from this account.

Fund 242 Fire Facilities			
Lender	Loan Balance as of July 1, 2017 (\$)	Purpose of Loan	Loan Balance as of June 30, 2018 (\$)
Fund 735 Solid Waste	1,097,393	Fire Station 1&2	0
Fund 225 PCWA WCC	5,318,020	Fire Station 1	5,336,040
Fund 244 Library Facilities	2,307,820	Fire Station 1&2	0
Fund 290 Oak Tree Mitigation	2,307,820	Fire Station 1&2	2,315,640
Total	11,031,053		7,651,680

Fund 243 Admin Facilities			
Lender	Loan Balance as of July 1, 2017 (\$)	Purpose of Loan	Loan Balance as of June 30, 2018 (\$)
Fund 735 Solid Waste	411,731	PW Facility Building	0
Total	411,731		0

Fund 246 Parks Facilities			
Lender	Loan Balance as of July 1, 2017 (\$)	Purpose of Loan	Loan Balance as of June 30, 2018 (\$)
Fund 735 Solid Waste	426,678	Regional Park CIP 177	0
Total	426,678		0

Fund 247 Drainage Facilities			
Lender	Loan Balance as of July 1, 2017 (\$)	Purpose of Loan	Loan Balance as of June 30, 2018 (\$)
Fund 735 Solid Waste	0	Retention Facility CIP 181	1,000,000
Fund 240 Transportation	0	Retention Facility CIP 181	1,010,000
Total	0		2,010,000

8) Refunds made in fiscal year ending June 30, 2018 pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (e) of Section 66001.

None

Government Code Section 66001 (d) states that for the fifth fiscal year following the first deposit into the account(s) or fund(s) and every five years thereafter, the local agency shall make certain findings with respect to that portion of the account or fund that remains unexpended.

Five Year Report Pursuant to Government Code 66001

1) Identify the purpose to which the fee is to be put

The purpose of the PFE and non-PFE Program fee revenues, totaling approximately \$32.1 million as of June 30, 2018, is to fund the various public facilities identified in the Nexus Study. These facilities have been identified by City engineers and staff as required to mitigate the impacts on City facilities from new development. These facilities include various public infrastructure, vehicles, equipment, and land that will serve residential and nonresidential development in the City of Lincoln. Descriptions of these facilities and their costs as presented in the Lincoln Public Facilities Element Fee Program Nexus Study Update, dated March 13, 2012 (the "2012 Nexus Study") are below.

Fund 725 Wastewater Facilities	
Project Name	Estimated Project Cost (\$)
South Collection System	750,000
North Collection System	9,837,199
Existing Obligations	1,500,000
Reclaimed Water Facilities	8,488,819
Total	20,576,018

Fund 247 Drainage Facilities	
Project Name	Estimated Project Cost (\$)
North Drainage Improvements	4,471,740
South Drainage Improvements	946,297
Citywide Drainage Improvements	8,359,879
Total	13,777,916

Fund 715 Water Facilities	
Project Name	Estimated Project Cost (\$)
Transmission and Well Facilities	31,803,622
Storage Tanks	34,437,500
Total	66,241,122

Fund 240 Transportation	
Project Name	Estimated Project Cost (\$)
Roadways	45,043,858
Traffic Signals & Street Reconstruction	11,865,500
Interchanges	9,872,855
Transit	3,254,271
Twelve Bridges	1,450,000
Bridges	0
Total	71,486,484

Fund 246 Parks Facilities	
Project Name	Estimated Project Cost (\$)
New Park Development	21,254,128
Trail/Open Space Improvements	1,200,233
Park Facilities	5,246,292
Aquatic Center	3,847,281
Total	31,547,934

Fund 243 City Admin Facilities	
Project Name	Estimated Project Cost (\$)
Administrative Facilities	9,470,000
Total	9,470,000

Fund 242 Fire Facilities	
Project Name	Estimated Project Cost (\$)
Fire Stations and Equipment	9,624,000
Total	9,624,000

Fund 241 Police Facilities	
Project Name	Estimated Project Cost (\$)
Police Facilities	14,103,000
Total	14,103,000

Fund 735 Solid Waste	
Project Name	Estimated Project Cost (\$)
Side Loader Trucks	2,915,207
Front-End/Rear Loader	971,736
Roll-Off Truck	342,966
Leaf Truck	240,076
Street Sweeper	388,694
Large Bins for Roll-Off Truck	16,210
90-Gal Containers	1,085,334
Total	5,960,223

2) *Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.*

New development in the City of Lincoln generates a need for additional capital facilities. The total \$32.1 million remaining in existing fee accounts as of June 30, 2018 will be used to fund a fair-share portion of these capital facilities to serve new-residential and non-residential development in the City. Since all facilities that were identified in the 2012 Nexus Study have not been completed or fully funded, these fund balances will be needed to pay the costs of these remaining future facilities projects.

3) *Identify all sources and amount of funding anticipated to complete financing in incomplete improvements identified in paragraph (2) of subdivision (a) of Section 66001.*

Funding for projects included in the PFE Fee Program will come primarily from PFE Fees. The City anticipates some contributions from financing districts such as community facilities districts and assessment districts and possibly grants, as well as the City's general fund. However, the large majority of the facility funding will be through the PFE Fee Program.

4) *Designate the approximate dates on which the funding is expected to be deposited into the appropriate fund.*

The City of Lincoln is currently undergoing a new Nexus Report. Capital facilities identified in the new Nexus Report will be constructed or purchased as the City continues to grow. City staff has estimated the development totals at buildout of the City, which will occur over the next several decades. Funding for the various facilities will occur throughout this development horizon and it is not known at this time which of the development areas will move forward first. As a result, the City does not know when funding for each of the specific facilities will be needed since this will depend on the timing and location of development in the City.